CAPITAL AND LABOR.

SPEECH

OF

HON. A. J. KUYKENDALL, OF ILL.,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

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SPEECH.

The House being in the Committee of the Whole on the state of the Union, and having under consideration the President's annual message—

Mr. KUYKENDALL, said:

Mr. SPEAKER: The bill which I introduced on the 7th of January, 1867, entitled "*An act to provide a true national currency and to provide for the collection and disbursement of the revenue, and the liquidation of the national debt, and for other purposes,*" as will be seen by the title, relates to one of the most important subjects of legislation, a subject which has engaged the attention of our most profound statesmen from the earliest history of our Government, and has been more or less prominent before every Congress that has convened since the establishment of the Government, and which to-day is as much an open question as when first introduced into the halls of legislation. Hardly a day passes without the introduction of some measure looking to a change in our monetary laws, or for the establishment of a new monetary system, indicating the universal opinion that the present system is imperfect, if not radically wrong. The latter I hold to be true, and the bill which I introduced contemplates a thorough change in the financial policy of the Government, as well as important alterations in our revenue system.

Among the chief objects for which Governments are instituted, is that of protecting the rights of property and securing its equitable distribution, according to the labor or service performed in its production. And no Government, whether republican or not, that fails to effect these important ends, can permanently secure the prosperity and happiness of the people.

It cannot be successfully denied that physical and intellectual labor employed in production, and in the distribution of the products of labor, is the true and only source of national wealth, and that laborers, as a whole, are poor. Look where you will upon society, you will see those who build palatial residences, living in hovels; those who manufacture the finest apparel, clothed in the coarsest fabrics; and those who produce in abundance the most wholesome and delicate food, subsisting upon the poorest diet; all deprived of the time and means necessary for social and intellectual culture, and to a great degree destitute of the ordinary comforts and conveniences of life; condemned to lives of unremunerated toil; while another class, few in number, not physically, intellectually, or morally better than the average of society, acquire the larger portion of the products of labor, live in comparative idleness, surrounded with all the comforts, conveniences, and luxuries of life. Besides this evil of centralizing wealth in the possession of the few, every few years our country is visited with a monetary crisis, prostrating all branches of productive industry and legitimate enterprise, deranging commercial operations, retarding the development of our natural resources, preventing us from becoming self-sustaining and independent as a nation. This disparity in the conditions of society, these monetary crises and commercial disasters, are at one time attributed to over-production, another time to short production; again they are assigned to the want of sufficient tariff on imports or duties on foreign manufactures. We have greatly increased production by the invention of labor-saving machines, have raised and lowered tariffs without producing any permanent beneficial effects, unless it be the building up a cotton-mill or iron aristocracy. The wealth continues to centralize in fewer hands; the number of industrious poor who own no real and little personal property, continues to increase. None of the causes assigned have ever satisfactorily accounted for these wrongs or pointed to a remedy, because they do not reach the true source of the evil, which will be found in the unfair distribution of the products of labor between non-producing capital and producing labor caused by the institution of money on a wrong principle, and with too great power over labor and property.

Money is the medium of distribution between non-producing capital and labor, the rate of interest determining what proportion of the products of labor shall be awarded to capital for its use, and what to labor for its productions; and the law instituting it is the most important fundamental law in any nation; if established upon a wrong basis it cannot be rightly governed by subsequent laws.

I am aware that this measure, or any one proposing such a thorough change in the monetary system and financial policy of the Government, will meet with opposition; first from the prejudices that exists generally in the human mind against changes in the systems and usages to which they have been long accustomed; but these prejudices, where honestly entertained, will readily yield to conviction. Yet it will meet with opposition of another and different character, one having its root in avarice, founded on the personal and pecuniary interest of soulless usurers, the corporations and monopolies which have been fostered into gigantic proportions, endowed with

dangerous powers over the property and liberties of men, by the fraudulent monetary system, the overthrow of which the bill contemplates. I have no hope that this interest will yield to any arguments I may offer, or indeed to any that can be offered; it has a death grasp upon the nation, which, like the institution of slavery, it will not yield until utterly destroyed. But relying upon the ultimate triumph of truth, this, nor any other opposition, shall deter me from the discharge of what I hold to be a sacred duty which I owe to my immediate constituents, as well as to the American people generally, that of warning them of impending danger by pointing to the path of safety.

The bill provides for the reorganization of the Treasury Department of the United States, by the establishment of a "Board of Management of the Currency and Revenue," consisting of the Secretary of the Treasury, and four other members, who, in all matters relating to the currency and revenue, are to have an equal voice with the Secretary of the Treasury. The objects sought to be secured by this plan are, first, a more thorough supervision and personal inspection of the detail of the business belonging to this important branch of the public service, by competent and responsible officers, than can possibly be given to it by any individual, however talented and capable he may be. Admitting that a single individual may have been able to discharge these important duties before the war, when the revenues were derived mainly from custom duties and the sale of the public domain, and when the Department was not charged with the duties of providing the currency, I think it will not be doubted that the war has increased the duties and responsibilities of the Department at least fourfold, and that they are too onerous to be discharged by any individual without detriment to the public interest.

Greater uniformity in the financial policy of the Government would be attained under the proposed system; there would always be three experienced members in the Board, which would constitute a majority and prevent any sudden change in case of a change in the political sentiments of the Administration. This would give confidence to the business community.

Our country has become so extended, and our interests so varied, that it is impossible that any man, or any set of men, residing in one locality, can have a full and clear knowledge of the business of all the other localities. In order to obviate this difficulty, and that all sections and interests may be fairly represented in the Board, the bill provides for choosing the members by districts.

The bill contemplates the abolishment of all banks, State and national. It could therefore hardly be expected that any one who favors the continuance of that system of currency, or who is interested in those institutions, could so far control his prejudices and interests as to give the proposed plan a fair trial. Besides, this class of the community have controlled the financial policy of the Government and the currency of the nation for the past thirty years; and there is in the minds of the people very generally an idea that they have conducted them with an eye single to their own aggrandizement, without regard to the interests of the industrial classes. I have therefore thought it the wisest policy to exclude from the Board of Management of the Currency and Revenue all stockholders and bank officers.

As money exercises a wonderful power in every department of business and industrial occupation, and as its nature and regulation appear to have baffled the wisdom of political economists, and led them to the conclusion that its alternate abundance and scarcity, and the fluctuating rates of interest, are irremediable evils, a full and clear knowledge of its nature and properties, the functions it performs in business transactions, is an indispensable prerequisite in order to its institution upon true principles. Money is then the legal medium for the exchange of property and products; the legal tender in the payment of all debts, public and private, and a legal lien on all the property in the nation. To be fitted for the performance of these functions, it must be endowed with the following properties or powers, to wit, power to represent value, to measure value, to exchange value, and to accumulate value by interest.

These properties or powers are inherent in no natural substance, and must be conferred on the material used for money by national law. Money has no material value, only an immaterial or legal value.

The material of money, gold, silver, paper, or any other substance, is a legalized agent made to express the form, properties, or powers of money and render them available in business transactions. Common usage has applied the term measure to the material by the means of which length, weight, etc., are ascertained. It matters not whether the yard stick or pound weight be of wood, iron, or gold, length and weight are the only properties necessary to be expressed by them, and possessing the standard limits, their material is a matter of indifference. Of course some material is indispensable; but the only thing that makes one substance preferable to another is its superior convenience. So of money; it is a matter of indifference by what material the powers are expressed, for the material is merely a substance fixed upon by law; the natural powers of any material do not make it money. Its powers and agency, as money, are delegated to it by law, in addition to its natural capabilities. When gold is used, the powers conferred upon it make it an equivalent for every species of property. If gold had not been selected for the material of money, and a legal power given to it to exchange property, and to accumulate interest for its use, a man would have as little need for more gold than he requires for utensils and ornaments, as he has for more clothes than he can wear, or more tools than he can use. But when it is made the agent of these legal powers, it becomes necessary to acquire the gold in order to discharge debts; and the quantity of

the metal being limited, its owners are enabled to extort from the necessitous a very high price for its use. The common opinion that the material of a currency must be something scarce and difficult to procure, that the limited amount may render it permanently valuable, arises from a misconception of the nature of money, the properties of which are entirely independent of the material. The value of money depends upon its powers to represent, measure, accumulate, and exchange value.

These powers, given to any convenient material by congressional enactment, will qualify it for a medium of exchange, and, in every particular, constitute it money. The power to make money and regulate its value is an essential attribute of sovereignty, carrying with it the power to control the value of all the property in the nation, regulate the division of the products between capital and labor, and fix the rewards of labor in every department of industry. While this power has been wisely and properly granted to Congress, there is no more authority granted to that body by the Constitution of the United States to delegate this sovereign power to any class of individuals or corporations, than there is for the delegation of the judicial power. It is, therefore, the imperative duty of Congress to institute money upon such a wise and just basis that its value and powers may be uniform throughout the jurisdiction of the Government; and with the power vested in the sovereign people to regulate its value so that it may distribute products to producers according to the labor and service performed in their production.

Time will not permit me, on this occasion, to treat in detail the general nature and properties of money as fully as the importance of the subject demands, and I shall, therefore, confine myself to a few brief remarks on its accumulative power, and then proceed to show that the rate of interest is the governing power in the distribution between capital and labor, and that the present rates greatly exceed the increase by natural production. The rate, or amount, of interest that the dollar commands, determines its value, and makes it equal to a given amount of actual value, or property, as much as the net proceeds of a farm determines its value—which consists in its value to produce. The value of the money is artificial, and depends on its legal power to represent actual value and to accumulate by interest. A farm that produces a net annual income of a thousand dollars is more valuable than one that yields but five hundred dollars; so, a dollar that can be loaned for twelve per cent. is more valuable than one that can be loaned for but six per cent. The value of money as much depends upon its legal power to be loaned, for an income, as the value of the farm does upon its power to produce. Any increase or diminution of the power of money to accumulate by interest increases or diminishes proportionately its value, and, consequently, its power over labor and property. To keep the value of money uniform, the rate of interest must be kept uniform. Doubling the power of the dollar to accumulate doubles the value of the dollar. It may still retain the name of *dollar*, but it will possess twice its former power over property and labor.

It may be objected that, while what has been said of money is true, so far as our home business is concerned, yet the adoption of such a monetary system would operate injuriously upon our foreign trade; that, as all commercial nations have legalized the so-called precious metals as money, we cannot maintain commercial relations with them unless we also legalize them as money. A sufficient answer to this objection is, that our coin is not current or legal money, at the standard fixed by our laws, in any foreign nation. They only receive it at the standard fixed by their laws, and greatly prefer our bullion to our coin. Besides, legitimate commerce is the exchange of the products of the territory and labor of one nation for those of another. All beyond mere barter is a matter of debt, and if we imported three hundred millions of dollars (that being about the amount of our coinage) in excess of the exports of our production, we would have to part with all our coin, which would derange the entire industrial interests of the nation. Again, if we did not use these metals for a circulating medium, we would have more of them to ship abroad as bullion, to settle balances or to exchange for articles of real value. We could take up three hundred millions of our national bonds, now held abroad, and thereby save eighteen million dollars of interest annually—which would be a great relief to a people overburdened with taxes.

The advocates of a specie currency argue that the so-called precious metals require about an equal amount of labor for their production the world over, and therefore they are the true measures of all values—that it is the labor incorporated into them that gives them their value as money. If this be true of these metals, it should be true of all the productions of labor. If A produces, by one hundred days' mining, gold to the value of two hundred dollars, the Government will stamp it as money for him; and if B produces, by one hundred days' labor, two hundred bushels of wheat, which the Government purchases of him for two hundred dollars, and he is willing to take a piece of paper stamped as money by the Government, "two hundred dollars," there can surely be no valid objection against the Government doing so. It would represent the same amount of labor; and if it had the same legal powers as the gold, it would perform all the functions of money equally as well, coextensive with the jurisdiction of the law. We have a practical illustration of this in the first series of Treasury notes issued, which was fifty millions, payable in coin on demand. These notes passed at par with coin until the banks and the Government suspended specie payments, when they began to depreciate in value, as compared with coin, and continued to decline until they were made receivable for duties on foreign imports, or in other words, were made legally equal to coin, when

they immediately rose to par and have remained so ever since; or if D be the holder of a bond for one thousand dollars which he wishes to convert into money, and is willing to exchange it for a legal tender Treasury note, it is difficult to conceive of any valid reason why the Government should not make the exchange, rather than subject him to heavy discount, for the benefit of some banker. This erroneous idea that the value of money inheres in its material, and that gold and silver possess some indefinable property or qualification, that fits them above all other substances for the material of money is at the bottom of the false theories respecting the the nature of moneys, and its rightful institution. It is the cause of its alternate abundance and scarcity, of the high and fluctuating rates of interest, and has led to the adoption of the many false systems of banking, by which the legitimate business of the country has been so often deranged, and the industrial wealth-producing classes robbed of the products of their labor. And while this mistaken notion is entertained by the people and their law-makers these evils must continue. But when the nature and properties of money are clearly understood, and there is a willingness on the part of all to be governed by the precepts of the golden rule, the chief difficulty in the way of its institution on true principles will be removed; and its institution on correct principles will do more to lift the weight from the back of the industrial classes, and encourage the development of our resources, than all the bankrupt and tariff laws that have been enacted since the formation of the Government.

I come now to show that the rate of interest on money is the governing power in the distribution of the products of labor between non-producing capital and producing labor. There are but two purposes to which the yearly products of labor can be applied. One is the payment of the yearly rent or interest on the capital employed, and the other is the payment of labor. The rate of interest maintained on loans of money determines what proportion of the earnings of labor shall be paid for the use of capital, and what proportion shall be paid to the laborers for their productions. If laborers pay to capital as rent or interest for the year their whole surplus products, the laborers, as a body, work for a mere subsistance of food, clothing, and shelter. To give an idea to what extent the power of interest operates, it is only necessary to say, that all the money lent on bonds and mortgages by individuals, by insurance and trust companies, all lent for United States, State, county, city, railroad, canal, and other bonds, to make public improvements, whether these improvements be made by corporations, by the State, or by individuals, also all the money lent by banks, brokers, and individuals on promissory notes—all these loans are operating with a like centralizing power against the producer and distributors of the national wealth and in favor of the money lenders. This power also establishes a like rate per cent rent to be paid for the use of all property, real and personal. All the goods on hand in the nation, and in process of being manufactured, are under tribute to this centralizing power. It is an unavoidable power, because it is instituted and enforced by the national laws, and is the basis upon which all market values are founded. It may be proper to remark in this connection, that in the calculations that follow, I have compounded the interest annually, which is the national law governing increase by percentage. The lowest rate of interest upon money established by any State is six per cent per annum, and the rate has fluctuated between six and twenty per cent. since the formation of the Government. If we take into the account the rates authorized on the bonds of the United States, States, &c., and the price at which these bonds have been sold and the exorbitant rates in many cases charged in business transactions, I think it will not be doubted that the rate has averaged as much as ten per cent. per annum since the earliest settlement of the country. To get a clear idea of the accumulative power of money and its influence in the distribution of the wealth of the nation, we must take the longest possible period in our history. The first permanent settlement on our territory was made at Jamestown, in Virginia, in 1607, or two hundred and sixty years ago; now, if these settlers had purchased of the mother country the entire territory of the United States for one dollar, and given their obligations bearing ten per cent interest, payable two hundred and sixty years after date, their obligations would fall due the present year, and I doubt not it would be considered by many to have been a good financial operation, and all that would be necessary to discharge this obligation would be for the Secretary of the Treasury to part with a portion of the gold now lying idle in the Treasury, or to make a draft for the money deposited with the national banks. But the result will, I think, convince the most strenuous advocate for high rates of interest, that no nation or people can pay ten per cent without robbing labor and centralizing the wealth in the hands of the very few. This one dollar with interest at ten per cent compounded annually for two hundred and sixty years, will amount to fifty nine billion six hundred and fifty million dollars, or over three times the present value of all the property real and personal of the United States. There are in the United States at the present time about seven million two hundred thousand male inhabitants over the age of twenty years, and allowing each of them to work three hundred days in the year, the number of day's work performed annually would be two billion one hundred and sixty million. To pay the annual interest on the above sum would require two dollars and seventy-six cents ($2 76) for each day's labor performed in the nation. Now, let us see what the result would have been with the honest and well regulated dollar—with money so instituted as to be the servant and not the master of labor. Had the obligations for the payment of the one dollar been made to bear three per cent per annum, the amount would be two thousand one hundred

and eighty dollars. But it may be objected that the resources of the country were not developed as rapidly during her colonial condition as since the establishment of her independence, and that the per cent. is above the average rate of interest. I will therefore compare the increase in the national wealth by natural production, with the accumulative power of money at seven per cent. interest since the Declaration of Independence. There are in the thirteen original colonies or States three hundred and forty-seven thousand square miles, or two billion ninety-five million seven hundred and sixty thousand acres, which I will suppose our ancestors to have purchased in 1776 at fifty cents per acre, including improvements and personal property, the amount would have been ten hundred and forty-seven million eight hundred and eighty thousand dollars. This would have been but little over two hundred and fifty dollars *per capita*, which I think will not be considered an over estimate of the then value of the property of the nation, for allowing it to have increased at the rate of increase during the decade from 1850 to 1860, which was three and one-third per cent per annum, the amount on the 4th of July, 1867, would in round numbers be twenty billion seven hundred and twenty-three million, three hundred and twenty thousand dollars, ($20,723,320,000,) which is a little in excess of the present value of the national wealth, which is, in round numbers, twenty billion three hundred and thirty million dollars. Now, had the then estimated value of the wealth of the nation, ten hundred and forty-seven million, eight hundred and eighty thousand dollars ($1,047,880,000) increased at the rate of seven per cent. per annum for the same time, the amount would, in round numbers, be five hundred and six billion one hundred million dollars, or nearly twenty-five times the value of the national wealth on 4th of July, 1867, including the territories since acquired. Again, to present this subject in still stronger light, I will estimate the Revolutionary war to have cost the nation three hundred and sixty-two million, one hundred and twenty thousand dollars, ($362,120,000,) which I think all will admit a very moderate estimate: suppose our ancestors, at the time of the Declaration of Independence, to have purchased the country of England for this sum, and given their obligations, bearing seven per cent. interest, payable ninety-one years after date, with interest compounded annually; this, I doubt not, would be considered to have been a good financial operation; and so it would, if money were worth seven per cent. per annum, or the increase in the national wealth had equalled seven per cent. per annum. Such a negotiation would have saved the cost of the Revolutionary war. I will, therefore, add it to the then estimated value of the national wealth; which would make the value of the national wealth at that time one billion, four hundred million dollars. Had this sum increased at the rate of three and one-third (3⅓) per cent. per annum, the amount would be twenty-seven billion six hundred and eighty-three million dollars, ($27,683,000,000.) while the increase on the three hundred and sixty-two million one hundred and twenty thousand dollars ($362,120,000) for the same time, at seven per cent., would be one hundred and seventy-four billion nine hundred and thirty million dollars, ($174,930,000,000,) or over six times the amount of what the entire national wealth would have been, and over eight times the amount of the present value of the national wealth.

There are a class of financiers, claiming to be honest and intelligent, who argue that money is worth more in new and undeveloped than in old and improved countries. I have heard hundreds of them contend that it was worth ten per cent. in the State of Illinois. For the benefit of this class I will exhibit the following facts. I will take the State of Illinois, which contains 55,000 square miles, or 35,200,000 acres, and which, considering fertility of soil, mineral wealth, commercial advantages, and variety and salubrity of climate, I think is not surpassed by any other contiguous territory of equal extent on this continent or elsewhere. I think it quite safe to assume that the rate of interest on money there has averaged ten per cent. per annum since the first settlement of the territory, which I will assume was on the 4th of July, 1816, or fifty-one years ago. Now, had the present settlers or their ancestors purchased the entire territory of the State at the Government price of one dollar and twenty-five cents per acre, and given their notes or obligations therefor, bearing ten per cent. interest per annum, these obligations would fall due the present year, and would amount to the enormous sum of five billion seven hundred and eighteen million forty-four thousand four hundred and forty-four dollars ($5,718,044,444,) or one hundred and sixty-two dollars and forty-four cents ($162.44) per acre, for each and every acre of land within the limits of the State. The interest on the total sum for one year would be five hundred and seventy-one million eight hundred and four thousand four hundred and forty-four dollars, ($571,804,444,) to pay the interest which would require an annual rental of sixteen dollars and twenty-four cents ($16.24) per acre on all the lands in the State, or probably as much as thirty dollars per acre for that portion under cultivation, while the value of the State as per census of 1860 was but eight hundred and seventy-one million eight hundred and sixty thousand two hundred and eighty dollars ($871,860,280.) If you double this amount it will not amount to one third of the accumulations of the interest on the purchase, at one dollar and twenty-five cts. ($1.25) per acre, there is not one of my colleagues that does not know that the lands, with all the cities, towns, railroads, and other improvements, would not sell for half the amount of the accumulations by interest on the first purchases. This, too, notwithstanding that population and wealth has poured into the State beyond any parallel.

Kellogg, who has given this subject of the accumulative power of money and the distribution of wealth, as much attention, and treated it

more ably than any man of the age, says, that before the war as much as one half of all the wealth of the nation was owned by five per cent. of the population, and these for the most part, the non-producers, who loaned their money, or rented their property to the wealth-producing classes. The effect of the war has been to diminish production, increase the rate of interest on money, and to centralize the wealth more rapidly. I therefore think it quite safe to estimate that as much as sixty per cent. of the wealth is now owned by five per cent. of the population. If any one doubts this let him take any city or town, the population of which is ten thousand, and see if he cannot find one hundred of the most wealthy citizens who own at least sixty per cent. of the property, and allowing five to the family, this would make five hundred, which is five per cent. on ten thousand. Taking the national wealth at twenty billion dollars, it would give to the non-producing class twelve billion dollars of the national wealth, which they loan or rent to the industrial classes, and the rate of interest will average at least eight per cent. per annum, making the yearly burden imposed upon labor nine hundred and sixty million dollars ($960,000,000,) while the increase on twenty billion dollars ($20,000,000,000) of national wealth at three and one-third per cent. per annum, will amount to but six hundred and sixty-seven million dollars ($667,000,000), leaving the wealth-producing classes indebted to capital or the non-producers two hundred and ninety-three million dollars ($293,000,000) at the end of the year.

But the question naturally arises how we are to ascertain the just rate of interest on money. Happily we are not without sufficiently reliable data to approximate the true rate nearly enough for all practical purposes. Agriculture is the leading interest and foundation of the national wealth; and the increase in this important branch of industry may be taken as the true index in all other departments; and the division between landlord and tenant may be safely adopted as the rule of distribution between capital and labor in all other branches of productive industry. And I find by careful examination and critical analysis, that during the decade from 1850 to 1860, which was as prosperous a one as we have had since the establishment of the Government, the increase in improved lands and unimproved lands was forty per cent., the increase in wheat, rye, corn, and oats, forty-four per cent., and the increase in all kinds of live stock, thirty-four per cent. Taking then, the increase in lands, all kinds of grain and live stock, and the total increase in these staple productions of agriculture for the ten years was thirty-nine per cent., or three and one third per cent. per annum, nearly; and a rentor cannot afford to pay over one third of the net proceeds and keep up all repairs of a good and will-improved farm. If then the division of products between capital and labor in the most important branch of productive industry, be adopted as the standard of distribution between capital and labor in all other departments of useful industry it will be seen that the true rate of interest on money should be but one and one ninth per cent. per annum. Now let us see how the account would stand between labor and capital with the rate of interest on money at one and one ninth per cent. per annum. Twelve billion dollars at this rate would be one hundred and thirty-three millions, while the increase on twenty billions ($20,000,000,000) of national wealth at three and one-third per cent. would be six hundred and sixty-six million dollars, ($666,000,000,) leaving a balance in favor of the wealth-producing classes at the end of the year of five hundred and thirty-three million dollars ($533,000,000,) with interest at two and half per cent., the balance in favor of the industrial classes at the end of the year would be three hundred and sixty-six million dollars, ($366,000,000), and with interest at three per cent., the balance in favor of labor would be three hundred and six million dollars ($306,000.000) annually. A result, in either case, more encouraging to the industrial wealth-producing classes, and one very much more to be desired by all patriots, philanthropists, and Christians, than the former one, which will leave labor indebted to non-producing capital two hundred and ninety-three million dollars ($293,000,000) anuually.

I come next to consider the fitness or rather the unfitness of the present monetary and revenue systems, and the financial policy to meet the wants of the Government and business interests of the country. Time, on this occasion will not permit me to examine in detail the laws creating, the so-called national banks, and establishing the revenue system, and I must content myself with the notice of only a few of their most important provisions, which will serve to indicate their general character, and show that they are calculated to promote the intererest of non-producing capital and to impose unnecessary and grievous burdens on the enterprising industrial classes.

We have contracted an enormous national debt, one more onerous than that of any civilized or Christian nation on the globe. The annual interest on the national debt of Great Britain is but one hundred and twenty-one million dollars ($121,000,000.) When the patriotic bankers and financiers get the "greenbacks" withdrawn from circulation, and the whole national debt converted into gold interest bearing bonds, and we add to the national debt proper, that of townships, counties, cities, and States, contracted for war purposes, our annual interest will amount to at least two hundred and forty million dollars in the money of trade. Every dollar of this debt, interest, as well as principal must be paid by the labor of the nation. It makes no difference whether it is collected from duties on foreign imports, excise on whisky, tobacco, and other luxuries. I care not how cunningly taxes may be laid, the burden must as surely as death will come to all the living, in the end all be borne by labor. It is therefore the interest, nay the imperative duty of every

Christian, philanthropist, patriot, and lover of justice, as well as of the entire industrial classes, to see that these burdens are made as light as possible and equally distributed on all classes and interests. The first question that arises is, will the financial policy adopted and being pursued by the Government lead to these results? I think a thorough investigation and careful examination of the subject will convince any intelligent, impartial mind that it will not. The reasons upon which this opinion is founded, are as follows: The same parties who have controlled the money interests of the nation in the past, are to conduct it in the future, and by means somewhat similar, to wit: a bank currency purporting to be redeemable in money; under the former system this currency was issued under the authority of the several States, sectional interests and jealousies prevented a consolidation, and lessened the power of the bankers for mischief. The currency issued by these institutions was never any better apology for money than falsehood for truth. The necessity for money to conduct business operations, and the absence of anything better, compelled the people to accept their notes in exchange for their property and products, which gave the bankers the control of the moneyed interest of the whole country; with power to regulate the value of all the property in the nation, and fix the rewards of labor in every department of industry; and they wielded this power with an eye single to their own benefit. They expanded and contracted the currency, raised and lowered the rate of interest, encouraged or prostrated all legitimate enterprise and productive industry, set the laws at defiance, and suspended and resumed specie payments at pleasure, and in every possible way made the public interest subservient to their cupidity. The so-called national banking system is founded on the same principle, with greatly multiplied powers for mischief. A change of base, while the principle remains the same, can, at best, be but the exchange of one evil for another. To get a clear understanding of the practical workings of this system and its powers for oppressing the wealth-producing classes, we must consider it in connection with the laws authorizing the national loans and establishing the revenue system, for they are inseparably connected. Time, on this occasion, will not permit a general review of those laws, and I will therefore confine myself to the consideration of a few of their most important provisions, which I think will serve to show that they are founded on a wrong principle and inimical to, and subversive of the principles of freedom and equality, upon which our democratic institutions are founded, and must work great injustice to the wealth-producing classes. The law enacting the national banking system clothes the Secretary of the Treasury of the United States with unprecedented and dangerous power, his control over the Bureau of the Currency is absolute without check or restraint from any other department of the Government. Indeed, so far as the interest of the people is concerned; with but few and unimportant exceptions, these unrestricted powers prevail throughout the whole law. Thus the whole moneyed interest of the nation is under the control of a single man, the banks are only the medium through which this centralized power operates. And when these despotic powers (for such they surely are) are wielded by one whose life has been devoted, not to encouraging the development of the national resources by aiding honest industry and fostering legitimate enterprise, but to sacrificing public and private interests, and filching from honest toil the last farthing when necessary to pay large dividends to the stockholders in the banks with which he may have been connected or over which he may have been called to preside. This is the character of the man these bankers will insist shall fill the office of Secretary of the Treasury of the United States, and they will permit no other character to occupy that place for any length of time, for through Congress they have the power to remove him, and should this system be continued, we will not have many elections before a majority of that body will be stockholders in these banks, if indeed that be not the case already. I venture the prediction that if you should interrogate the Secretary as to the wisdom and justice of his plan, he would tell you it was the wisest and best that could possibly be devised, for he had consulted with the leading bankers and most intelligent business men of Wall street, New York, Third street, Philadelphia, and State street, Boston, by all of whom it was most heartily approved, and well it might be, because if you could go back and get at the paternity of the measure, you would find it originated with them, was presented by them to the Secretary for his approval, and not by the Secretary to them for their endorsement.

This is the history of every financial measure adopted by the Government since the commencement of the rebellion, excepting alone the issue of the legal tender Treasury notes, and this was the measure that sustained the credit of the Government and carried us through the darkest hours of our troubles, and which was opposed by these bankers and intelligent business men at every step, and which they now demand shall be blotted from our statutes. It is entirely unnecessary for me to say anything, in this connection, in relation to the business and interest of the bankers, these are understood by all; but a word in reference to the business and interests of these intelligent business men, of whose wisdom and patriotism newspapers have so much to say, and who have so much influence in molding the financial legislation of the Government, may not be amiss; for it would be very natural to suppose that they were the energetic, enterprising portion of our business community, who are engaged in the development of our resources; but not a bit of it. They are the speculators in stocks, food, clothing, and all the products of labor, standing between the producers and consumers—amassing fortunes by a species of the very worst kind of gambling; and

while they are permitted to exercise such a powerful influence over the financial policy of the Government, as they now do, we can be nothing but a nation of gamblers; useful enterprise cannot be undertaken; nor can the legitimate commercial operations of the nation be conducted other than as gambling operations. These banks are authorized to be located in every city and village throughout the length and breadth of the land, forming a complete system of financial espionage. Under the revenue system they will have their thousands of agents in every part of the country, clothed with authority to pry into the affairs of each individual. I say their agents, because they will control the Government, and no officer or agent of the Government, who is not in the interest and the willing tool of this moneyed aristocracy, can hold any office or place under the Government. Through these means they will have a full knowledge of the business of every miner, farmer, mechanic, merchant, manufacturer, railroad company, and other enterprises in the nation. This will enable them to operate understandingly and with their unrestricted power over the currency of the nation, they can make every other interest, however great, subservient to their cupidity, and tax the industrial classes until they become as helpless as the fly in the spider's web—tax their manhood out of them.

Their circulation is to be apportioned among the States and Territories by the Secretary of the Treasury, having due regard to the existing banking capital, resources, and business of such States and Territories. The effect of this will be to give a few of the eastern cities and villages the control of the currency of the nation, they having major part of the existing banking capital. The law providesthat three-fifths of the amount to be kept on hand in lawful money to redeem their circulation may consist of clearing house certificates, and balances due from other associations. The effect of this will be to require the banks in our large cities to keep on hand but ten cents, and those located in all other places but six cents on the dollar in lawful money, for the redemption of their circulation, or an average of about eight per cent. It would be quite natural to conclude that the banks gave the Government some valable considerations for the grant of those sovereign principles and powers; but they do not. They are to have the use of the public money (except receipts from customs) for banking purposes. They draw the interest in gold on the bonds deposited to secure the redemption of their circulating notes, and receive ninety per cent. of the value of the bonds so deposited, which they loan to the people at from seven to ten per cent., and to reimburse the treasury for printing their notes, and all other expenses incurred under the law, and in lieu of all taxes on their circulation, and the bonds deposited to secure the redemption thereof, they are required to pay into the national treasury only one half of one per cent. semi-annually, which will not probably more than defray the expenses incurred by the Government under the law. Thus, instead of the bankers paying a liberal bonus to the Government for these unheard-of privileges and powers, as claimed by the bankers and their allies, the law virtually exonerates them from taxation. Let us now look at the profits these bankers derive from this system. To put in circulation three hundred million dollars ($300,000,000) currency, will require the deposit of three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty-three dollars ($333,333,333) in bonds, on which they draw six per cent. in gold, equal to at least eight and one half per cent. in the money of trade; but which, when we take into the account the exemption from taxes, will equal full ten per cent. They have the three hundred million of currency received from the Government, which they loan to the people at an average of at least nine per cent. per annum, add to this the Government deposits, which they will loan to the people, and which, I think, will average as much as one hundred million of dollars, ($100,000,000,) from which must be deducted the interest on eight per cent. of their circulation kept on hand for the redemption of their notes.

Interest on bonds deposited $333,333,333 at 10 per cent	$33,333,333
Interest on circulation $300,000,000 at 9 per cent.	27,000,000
Interest on Government deposits $100,000,000 at 9 per cent	9,000,000
Total income	$69,333,333
Deduct interest on $24,000,000 kept on hand to redeem circulation at 9 per cent	$2,160,000
Net income	$67,173,333

or a fraction over twenty per cent. per annum.

Another and not the least mischievous and dangerous provision of this scheme is that it will be *a close corporation.* The only channel through which the people, who are compelled to exchange their labor, products, and property for these bank promises, can obtain any knowledge of the solvency of the different institutions issuing this currency is through the Secretary of the Treasury, for he has the sole power of choosing the time and appointing the agents to examine the association. When one of these institutions fails, the Secretary of the Treasury will without doubt protect the interests of his friends, the *bankers and intelligent business men*, by giving them timely notice, and the Government and those engaged in legitimate business will become the victions of their villainies.

It is true that for the present the circulation of the banks is limited to three hundred million of dollars ($300,000,000.) But, having secured these unwarranted powers and privileges, the bankers and usurers will either demand the withdrawal of the legal tender Treasury notes which cost the people nothing, and an increase of their circulation which really cost the taxpayers nine per cent. in the money of trade, or that the currency shall be contracted under the delusive plea of a return to specie payments. If the former policy be adopted, just as fast as the legal tenders are withdrawn from circulation

their place will be filled with the notes of the banks, and we shall soon have as much as seven hundred million ($700,000.000) of the notes of the banks in circulation, from which the banks will derive an annual income of one hundred and fifty-six million seven hundred thousand dollars ($156,700,000,) while the interest at three per cent. per annum on the amount of capital necessary to put this amount of notes in circulation, will only amount to twenty-three million three hundred and thirty-three thousand dollars ($23,333,000), leaving to the bankers a nett annual profit of one hundred and thirty-three million three hundred and sixty-seven thousand dollars, ($133,367,000;) every dollar of which is unnecessary and unjust burden imposed on the industrial wealth-producing class for the benefit of the bankers. The adoption of the latter policy would, if possible, be more unjust and oppressive to the industrial wealth-producing classes or tax-payers than the former in the present condition of the nation. It must be remembered that the banks never have, and never will, under any system, pay specie, unless by so doing they can promote their own selfish interest. Let us then look at the effects of an attempt to return to specie payments in the present condition of the country. It would increase the value of money or non-producing capital and augment its power over labor and property. Reducing prices by raising the rate of interest and increasing the power of money is simply robbing labor for the benefit of non-producing capital. If, by contracting the currency, the bushel of grain, yard of cloth, pair of boots, coat, hat, and all other productions of labor, be reduced to one half their present price, the price of labor must fall in a like proportion; while if the rate of interest on the Government bonds and other moneyed obligations, as well as bank dividends, remain unchanged, the value of money will be doubled; for the interest and dividends when earned and paid will buy double the amount of the products of labor and hire twice the number of days' work. It will also practically double the pay of every assessor, tax-gatherer, postmaster, member of Congress, and other officer, or agent of the National Government, as well as those of the States, counties, and cities, for their pay will buy double the amount of the products of labor. It will readily be seen that the practical effect of this policy will be to double the taxes as well as the obligations of every debtor in the nation, increase the value of all money obligations, and render all public offices more desirable. It is not then at all surprising that brokers, bankers, bond-holders, and the non-producing classes generally, should be the advocates for its adoption, or that there should be such otherwise unaccountable unanimity on the part of the leading journals (without regard to their political sentiment) in favor of it, for most of them are either directly or indirectly largely benefited by it; nor is it by any means wonderful that our law-makers and Government officers and agents should be susceptible to these potent influences. But it is a matter of astonishment that farmers, miners, artizans, mechanics, merchants, and all who are employed in any branch of useful industry, or engaged in legitimate enterprise, or any of the useful callings and professions, as well as patriots, philanthropists, and Christians, have so long silently permitted the enemies of freedom and justice to usurp the sovereign power to make money and regulate its value—one of the most essential attributes of sovereignty—by which they secure the power to control the value of all the property in the nation, and fix the rewards of labor in every department of useful industry—to subvert the principles of justice and freedom upon which our noble temple of liberty was founded—to violate with impunity every right of humanity, and to reduce to a state of vassalage or slavery the whole enterprising, wealth-producing classes of the nation. Having secured exemption from State and municipal taxes, they will next demand exemption from taxes on the incomes arising from bank dividends and interest on the Government bonds. They will then have a legalized money aristocracy. The farmers, mechanics, merchants, and wealth-producing classes generally, might, with equal justice, ask that their property, products, and labor should be exempt from all taxes. But, should they make this demand, what a howl the bankers, brokers, usurers, and the professional politicians and sensation newspapers in the interest of this money aristocracy would raise! They would brand it as repudiation. And what is the exemption from taxes of your bonds, bearing bankrupting rates of interest, and your twenty per cent. bank dividends, but legalized repudiation? These laws or schemes, taken together, give the one-twentieth the power to rob the other nineteen-twentieths of the surplus products of all their labor and talents; and any system that authorizes and empowers one class to take from another class the fruits of their labor and talents without equivalent is practical slavery. I care not what it is called. When you deprive a man of the right to the enjoyment of the fruits of his labor and talents, there is no other right which he can long maintain. The continual and pressing wants of his physical nature will soon reduce him to abject slavery; and what is true of the individual is true of the nation.

I am persuaded that a thorough investigation and a careful examination into all the provisions of these laws will convince any intelligent, disinterested mind that, under their operation, labor cannot be properly rewarded—that the well-to-do farmers, mechanics, merchants, and others will soon be reduced to the present status of common laborers, and those who now earn their bread by daily toil to a state of positive servitude. I assert, without fear of successful contradiction, that an investment of a million of dollars under these laws will yield a larger net income than a like amount invested in lands and slaves, employed in raising cotton or sugar, did in the South, in the palmiest days of the oligarchy; and it was its commercial or economical value, in other words its profitableness, that

maintained the institution of slavery in the South. Thus, instead of materially bettering the condition of the poor African, we propose to nationalize slavery by unwise and unjust legislation, in the institution of money, and imposing on the industrial, wealth-producing classes onerous and unnecessary burdens for the benefit of a privileged class.

Prominent among the objects for which governments are instituted are the protection of life and property; it is then but even justice that each should share its rightful proportion of the burdens and sacrifices necessary for its support. Labor has in the late struggle for the maintenance of the Government fought the battles, furnished the food, clothing, arms, and munitions of war, with the means of transportation. In a word, the industrial classes performed their whole duty to the Government.

Now, let us see how money, or non-producing capital, which is protected by the laws equally with labor, fulfilled its obligations to the Government. At the commencement of the rebellion money was abundant in our large commercial centres, at from four to five per cent. on first class securities. The first demand made by the Government was for a loan of some eight million dollars, for which it offered its bonds, bearing six per cent. interest, which, if my memory serves me right, was bid for at about eighty cents on the dollar, equal to seven and one half per cent. And the so-called capitalists went on increasing in their demands, and warring on the credit of the Government, until they got the rate of interest up to nine per cent. on the money of trade on the Government securities, and the bonds exempt from State and municipal taxes; and when, in its extremity, the Government was compelled to resort to the issue of Treasury notes, even this necessary and just measure met with their opposition. They forbade Congress making the Treasury notes a legal tender for the payment of the interest on the bonds, and nothing but their fears prevented the entire defeat of the measure. Thus it will be seen that money has not only been exempt from the sacrifices that labor and human life have been subjected to, but, on the contrary, its value, and consequently its power over property and labor, has been doubled by the rebellion. And this, too, without rendering the Government or people any service whatever If there had not been a bank note or gold dollar in the nation at the commencement of the war, we should have got along infinitely better, financially, than we have. Gold and its worshippers have waged a continual war against the credit of the Government during all our troubles, and it is to-day of no more use to us as money than if every ounce of it was still in the California mines. And as for bank notes, they have been and are a fraud upon the rights of labor; no matter whether issued under State or National authority, their character is the same; and every true and loyal man prefers the plighted faith of the nation, in the shape of legal-tender treasury notes. This is the only money which has been truly loyal, and to it we are entirely indebted for our financial success. The soldiers and producers have always been willing to accept it for their services and supplies, and these are the classes that have defended and sustained the Government, and upon whom the future hopes of the republic depend. It is then the duty of the Government to protect the rights of these, its real supporters, rather than become an instrument in the hands of a few bankers and usurers for their oppression and degradation. If we add to the Government expenditures proper the payment of the debts incurred by States, counties, cities, and towns, for war purposes, the sum will not fall below four hundred million dollars annually, which will equal two per cent. on the entire national wealth. And the taxes for State and municipal purposes will be equal to at least three per cent. more; and it is but just, that as the Government bonds are not subject to tax for State and municipal purposes, they should be subjected to a higher tax by the Government than other property not so exempt; and the bill only contemplates for this purpose the imposition of what would be equal to one per cent. of the principal of the bond, which is only one third of the amount paid on other property.

Much, very much, remains to be said upon these very important subjects of legislation. But sufficient, I think, has been presented to convince any mind open to conviction that our monetary and revenue systems are founded on a wrong basis, and work great injustice to the wealth-producing classes; that our falsely constituted monetary system is the monopoly of all monopolies; that railroad and other kindred monopolies are but a means by which this power despoils the industrial classes of their productions; that it is this which renders necessary our so-called protective, but in reality oppressive, tariff laws; that emancipation itself will be shorn of one of the principal benefits it should have conferred on the freedman, that of enjoying the product of his labor and talents; that the exemption of the Government securities, or any other species of productive property, from its equitable proportion of the burdens necessary for the maintenance of the Government is at best but legalized repudiation, and a step towards the establishment of a legal aristocracy; that if this chief of monopolies be stricken down, these and all other systems of oppression will fall with it.

Money being necessary to facilitate the exchange of property, and the collection of the revenue being indispensable to the maintenance of the Government, it is not enough to show that the present systems are wrong, but it becomes equally important to present a better plan for the attainment of these ends, which I will now proceed to do.

Having shown the true nature of money, and the functions it performs in the exchange of property and the payment of debts, and provided for the removal of the obstructions in the way of its institution on true principles, I come now to present what seems to be the true American

monetary system, and to point out some of the more important advantages that would result to the Government and wealth-producing classes from its adoption. I will state in a general way what is claimed for this system.

I. The circulating medium furnished by it will be adapted to the genius of our democratic republican institutions, in harmony with the letter and spirit of the Constitution, and suited to the wants of the Government and business interests of the nation.

II. It will be under the direct control of the sovereign people, who produce the values it is designed to represent, measure, and exchange, with the power vested in Congress to control its value, and consequently its power over labor and property, by regulating the rate of interest in the Government bonds into which it is made convertible at the option of the holder. With a just rate of interest established on the Government bonds, sufficiently below the rate of increase in the national wealth, as to make a fair distribution of the product of labor between non-producing capital and producing labor, laborers will receive an equitable proportion of their productions, and capital will likewise receive a just reward for its use.

III. It will be self-adjusting, for should money at any time become scarce and the rate of interest in legitimate transactions rise above the rate paid on the Government securities, the bonds would be converted into money. On the contrary, should it become too abundant and the rate of interest fall below the rate paid on the Government bonds, the money would be converted into interest-bearing bonds to the extent necessary to restore the proper equilibrium; thus preventing the high and fluctuating rates of interest and the violent expansions and contractions of the currency that have been the cause of the monetary crises and commercial revulsions which have heretofore so frequently prostrated all branches of productive industry and paralyzed legitimate enterprise, deranged the commercial operations of the nation, lowered the standard of commercial integrity, and made us little less than a nation of gamblers. These revulsions are but the protest of labor against demands it cannot meet and burdens too grievous to be borne.

IV. It will have equal legal powers, a uniform value, and perform all the functions of money throughout the entire jurisdiction of the Government.

V. It will discharge the national debt, interest and principal, in twenty-four years, without the imposition of one farthing of taxes of any kind or nature whatever, and in addition thereto it will relieve the wealth-producing classes, or tax-payers, of an annual burden of over six hundred million dollars, now unnecessarily imposed on them by the present iniquitous system.

VI. It will encourage and foster legitimate enterprise and productive industry in all departments of useful occupation, more than all the so-called protective tariff laws that have ever been enacted. Under its operation commercial transactions can be conducted on an honorable and safe basis.

VII. It will be simple in its workings, just in its bearings on all classes and interests. Each individual will have an interest in it proportionate to the amount of the products of his labor and talents, and a commensurate influence in its control. Requiring no aid from the bankers and financiers for its establishment or conduct, it will be emphatically the peoples' plan.

If the fifth and sixth propositions can be demonstrated, I think it will be admitted that the first, second, third, fourth, and seventh, must follow as a logical consequence.

I will, then, first exhibit the effects of its practical workings in the payment of the national debt. In determining this question, it becomes necessary to fix upon the probable amount of money required to make the exchanges and transact the business of the nation.

It must be borne in mind that it will take a much larger amount of *money*, in which all would have the fullest confidence, than of the miserable apology we have had, and always must have, under any system of banking, in the shape of bank-notes or fallacious promises to pay money, in which none ever had or ought to have confidence.

A much larger amount of this legal money will be retained by farmers, mechanics, and others, to meet future obligations, than of a bank currency issued under any system.

2. Under this system, labor will receive a better compensation, and most of the ordinary business transactions would be for cash.

3. The intelligence and enterprise of the people, our unbounded natural resources in all that pertains to individual prosperity and national independence, and the extent of territory over which the money would circulate, must create a demand for a larger amount of circulation, *per capita*, than in any of the commercial nations of Europe.

I have the authority of H. C. Carey, Esq., who is among our ablest political economists, for saying that the circulation of England is about twenty-five dollars *per capita*, and that of France over thirty dollars *per capita*.

I think it therefore safe to conclude that we would require as much as forty dollars *per capita*. The population of the United States is at this time as much as thirty-six millions, which, at forty dollars each, would require a circulation of one thousand four hundred and forty million dollars, ($1,440,000,000.) Estimating the national debt at two billion six hundred million dollars, ($2,600,000,000,) and deducting the amount that would circulate as money and bear no interest, would leave, as the interest-bearing portion of the debt, one thousand one hundred and sixty million, ($1,160,000,000.)

I have already shown that if agriculture be taken as the basis of the national wealth, and the division of products between landlord and tenant adopted as the standard of distribution between non-producing capital and labor, in all other departments of legitimate business the rate of interest on money should be but one and one-ninth per cent. per annum. The adoption

of this rate at once might be thought too violent a change from the present enormous rate. I will, therefore, show the result, by computing the interest on the debt at the two several rates of two and a half and three per cent. per annum. The former rate would only give to the wealth-producing classes one-fourth of their surplus products, and the latter but one-tenth, and it is the highest rate that can be paid without taking from the industrial classes the property they already possess.

In order that money may be a true measure of values and distribute productions to producers equitably and uniformly, it must be increased in volume in a like ratio with the increase in the population, wealth, and business of the nation. I have shown that the increase in the national wealth has averaged three and one-third (3⅓) per cent. per annum, and will estimate the increase in the circulating medium at this rate.

Result with interest computed at two and a half per cent.

According to the premises assumed the interest-bearing portion of the national debt, after deducting the amount that would circulate as money, would be one thousand one hundred and sixty million dollars ($1,160,000,000.) Interest first year, twenty-nine million dollars, ($29,000,000;) total principal and interest at the end of the first year, one thousand one hundred and eighty-nine million dollars, ($1,189,000,000.) Increase on one thousand, four hundred and forty million dollars ($1,140,000,000) currency for first year, forty-eight millions of dollars, ($48,000,000,) which, deducted from the total debt, would leave one thousand one hundred and forty-one million dollars, ($1,141,000,000,) the interest on which for the second year would be twenty-eight million five hundred and twenty-five thousand dollars, ($28,525,000;) total interest and principal at the end of second year one thousand one hundred and sixty-nine million five hundred and twenty-five thousand dollars ($1,169,525,000). Add to the currency the increase for first year, and the amount will be one thousand four hundred and eighty-eight million of dollars, ($1,488,000,000;) the increase upon which for the second year would be forty-nine million six hundred thousand dollars, ($49,600,000;) this, deducted from the amount of the debt at the end of the second year, would leave to bear interest for the third year one thousand one hundred and nineteen million nine hundred and twenty-five thousand dollars, ($1,119,925,000.) Add to the currency the increase for the second year, and the amount will be one thousand five hundred and thirty-seven million six hundred thousand dollars, ($1,537,600,000.) This operation continued will in twenty-two years and eight months (very nearly) (22 years, 8 months) absorb the entire interest-bearing debt, and leave at the end of that period in circulation three billion twenty-eight million two hundred and ninety thousand dollars ($3,028,290,000) of currency, which will bear the same proportion to the population, wealth, and business of the nation that the one thousand four hundred and forty million dollars ($1,440,000,000) does at the present time, and to keep values uniform will always be wanted for a circulating medium, and require to be increased thereafter in a like ratio with the increase in national wealth.

Result with interest on the national debt computed at three per cent. per annum.

The increase in the currency will be the same as in the former case. Interest on the debt for first year, thirty-four million eight hundred thousand dollars; total interest and principal at the end of first year one thousand one hundred and ninety-four million eight hundred thousand dollars ($1,194,800,000); deduct the increase in the currency for first year, forty-eight million of dollars, ($48,000,000,) will leave interest-bearing debt at end of first year one thousand one hundred and forty-six million eight hundred thousand dollars, ($1,146,800,000;) interest on this sum for second year thirty-four million four hundred and four thousand dollars, ($34,404,000;) total interest and principal of debt at the end of second year one thousand one hundred and eighty-one million two hundred and four thousand dollars, ($1,181,204,000;) deduct increase in currency for second year forty-nine millions six hundred thousand dollars, ($49,600,000,) leaving the interest-bearing debt at the end of the second year one thousand one hundred and thirty-one million six hundred and four thousand dollars ($1,131,604,000.)

If this operation be continued as in the former case, the interest-bearing debt will be absorbed into the circulating medium of the country in twenty-four years, (nearly,) and will leave as the circulating medium three billion one hundred and sixty-one million two hundred and forty-three thousand dollars ($3,161,243,000) at the end of that time, which will bear the same proportion to the population, wealth, and business of the nation that one thousand four hundred and forty millions of dollars ($1,440,000,000) does at the present time; and which, in order to maintain the proper relation of the currency to the population and business, must be increased thereafter in a like ratio with the increase in the national wealth.

This increase for the first year after the liquidation of the debt would amount to one hundred and five million three hundred and sixty-eight thousand dollars, ($105,368,000;) a sum sufficient to defray the major part of the ordinary current expenditures of the Government.

Thus it is demonstrated that the national debt, which, under the present policy, is bearing so heavily on the wealth-producing classes, and which threatens to hang like an incubus on them for generations to come, would by the system presented in the bill at once cease to be a charge, and would be liquidated without the imposition of one farthing of tax in less than a quarter of a century.

I come now to present some of the additional advantages the adoption of this system would confer on the wealth producing classes, or tax-

payers. I have estimated that these classes were, under the present system, paying to non-producing capital rent or interest on three fifths of the national wealth, or twelve billion of dollars, ($12,000,000,000,) and that the rate of interest averaged as much as eight per cent. annually. If the system here proposed be adopted, the two billion six hundred million dollars ($2,600,000,000) would cease to be a charge on the tax-payers, and must therefore be deducted from the twelve billion dollars ($12,000,000,000) upon which the industrial classes are now paying interest or rent, which would leave nine billion four hundred million of dollars ($9,400,000,000) upon which they would have to pay interest or rent. Now if this system be adopted and the rate of interest on the Government indebtedness be fixed at three per cent., the account between non-producing capital and productive industry would stand thus:

$12,000,000,000 at 8 per cent	$960,000,000
9,400,000,000 at 3 per cent	282,000,000
Net annual saving to the tax-payers	678,000,000
With the rate of interest on the Government bonds at two and a half per cent. the result would be thus:	
$12,000,000,000 at 8 per cent	$960,000,000
9,400,000,000 at 2½ per cent	235,000,000
Net annual saving to the industrial wealth-producing class	725,000,000

With the rate of interest at three per cent. the daily saving would amount to one million eight hundred and fifty-seven thousand five hundred and thirty-four dollars, ($1,857,534,) and at two and a half per cent. it would be one million nine hundred and eighty-six thousand three hundred dollars, ($1,986,300.) The smallest of these annual savings would, in a few years, build the necessary furnaces, mills, and factories, to supply our wants as well as to construct all needful lines of transit. The wisdom of the policy of giving to labor all necessary protection in the development of our natural resources to the extent, at least, of supplying our own wants is too manifest to admit of argument. But I think a greater delusion never entered the mind of man than that the effect of our so-called protective tariff laws is to encourage productive industry and protect our labor against the pauper labor of Europe. Their effect is directly the opposite. They protect our aristocratic capital in the shape of fallacious bank promises against the capital of Europe, support a shoddy banking system, and build up a cotton and iron-mill aristocracy, and burden and oppress the wealth-producing classes.

The English Government securities bear three per cent. interest per annum, and, with money instituted on true principles, no sound reason can be given why it should bear a higher rate in the United States.

I have good authority for saying that with capital at three per cent., iron (an article of prime necessity) can be manufactured for the supply of the northwest, at least from the ores of Lake Superior, Wisconsin, and Missouri, with the coals of Illinois, Chicago, St. Louis, and intermediate points in the coal basin in the valley of the Illinois river, without a fraction of protection beyond that afforded by the cost of transportation from Europe. And this, I believe, will be found true in other localities as well as of other articles. We boast of our inexhaustible deposits of coal, iron, and other minerals, and their easiness of access; of our water power and other advantages and facilities for manfacturing; and such indeed is the quality, abundance, and accessibility of our ores and coal, that, in the localities named, it does not require over two-thirds of the labor to produce a ton of iron that it does in England, where it is manufactured from lean ores dug from thin veins hundreds of feet below the earth's surface. Yet, with all these advantages, we are told that labor cannot be employed in this important branch of industry without increased rates of protection.

The foregoing figures will, I think, explain this anomaly. I think they also show very clearly that the wrongs and oppressions which the industrial classes are suffering are caused by the unfair distribution of the productions of labor between non-producing capital and producing labor, resulting from the institution of money with such power over labor and property that even a prohibitory tariff could not afford them any general permanent relief, for the reason that it would not reach and remove the cause. But with money instituted upon true principles and a just rate per cent. established for its use, laborers would receive an equitable proportion of their productions and capital a just reward for its use. All branches of productive industry would be quickened; capital would seek investment wherever there was a reasonable prospect of a fair return for its use. Instead of shipping the raw material across the continent, and even across the ocean, as we now do, manufactories of all kinds would be established wherever natural advantages and facilities offer, and the producer and consumer brought side by side, and their exchanges made without the aid of middle men and extortionate carriers. New and competing lines of transit would be constructed wherever there was a prospect for a fair return on the investment. Thus the carrying monopolies, which are literally robbing the producing classes, will be destroyed.

The people could regulate the currency to suit themselves, and so few would be the articles needing and so small the amount of protection required, that no serious objection would ever be made to it by any section or party. The vexed questions of the currency and protection would be very nearly entirely removed from our national councils, and the business of the nation would not, as under the present system, be subject to the control of a few avaricious bankers and the whims of some utopian financier who may chance to be called to the Secretaryship of the Treasury of the United States.

Here I propose to rest the argument, believing that sufficient has been presented to convince the most strenuous advocate of protection that

the adoption of the monetary system proposed in the bill will do more to protect labor, foster and encourage productive industry and legitimate enterprises in the developement of our natural resources, than all the protective tariff laws that ever have or can be enacted; that the present wrongly constituted monetary system is the chief of monopolies, and its overthrow will cause the downfall of all railroad and other kindred monopolies.

I will now present and point out the fallacies of some of the objections that may be made to the proposed plan.

It may be objected that I have estimated the amount of the circulating medium necessary to make the exchanges of the property and products of the nation too high. To this I reply, the amount of currency needed by a nation is in proportion to its production; and as the adoption of this system would take away the occupation of the bankers, brokers, and speculators, they would be compelled to earn their living by honest industry, which would add them to the industrial classes, the direct effect of which would be to increase production; and the impetus given to enterprise by the establishment of a just rate of interest on money would require a much larger amount *per capita* than when, as under the present system, it is controlled and doled out to the people by a few selfish bankers. To this addition to the wealth-producing classes must be added the army of clerks, assessors, collectors, inspectors, and other officers and agents employed by the Government in the collection of the internal revenue; for under the operation of this system the Government expenditures would be so reduced that the funds necessary to defray the current expenses could be collected mainly from custom duties and the sale of the public domain. Any deficit that might occur could be assessed on the several States and collected by them with the employment of but little additional force beyond that required in the collection of the revenue for State purposes. Besides, the emancipation of labor from the thraldom imposed by the present false system, with the inducements offered by our agricultural and mineral resources and other advantages and facilities, would draw from the Old World thousands of skilled miners, artizans, and others, which, I think, would soon create a demand for a greater rather than a less amount than I have estimated, and our debt would be absorbed into the currency in a shorter time than I have named.

Another and favorite objection that the bankers and their allies will make to this or any measure looking to the emancipation of labor from the thraldom imposed upon it by their false system is, that, since money never has been instituted on a just principle, it never can be. This is the argument used by kings and despots to prove that they have a divine right to rule, and that a democratic or republican government is a trespass against divine authority, and never will be permitted to stand, except for a brief period of time.

It has just as much force and reason in the former case as in the latter.

To say that the people will not accept, in exchange for the products of their labor, legal-tender Treasury notes, issued as provided in the bill, is to say that they will repudiate the Government; and to say they have not the intelligence and virtue necessary to properly regulate the currency, under the provisions of the bill, is to deny that they have the capacity for self-government.

I have shown, and I think clearly proven—

1st. That the powers of money are legal and entirely independent of its material—its powers as money being derived from the law instituting it and making it a legal tender; that the power to make money and regulate its value is an essential attribute of sovereignty; and that it is the medium of distribution to non-producing capital and producing labor, the rate of interest determining what proportion of the products of labor shall be awarded to laborers for their productions, and what to capital for its use.

2d. That our present monetary system is founded on the aristocratic idea of government, and is inimical to and subversive of our democratic republican institutions. If continued in operation, the wealth must be rapidly centralized in the hands of the few non-producers; the wealth-producing classes oppressed, degraded, and ultimately reduced to a state of positive servitude, democracy prove a failure, and universal suffrage—a sham.

3d. That it has been demonstrated with equal clearness that the monetary system contemplated by the bill is founded on the democratic idea of government, adapted to the genius of our free institutions, and in harmony with the letter and spirit of the Constitution; that under its operation labor would be properly compensated, the wealth diffused and distributed according to the labor or service performed in its production democracy maintained; and universal suffrage rendered a universal blessing.

Having pointed out, and as I believe fully sustained, its superiority in all respects in an economical point of view, it only remains to show its advantages in a political point of view.

It would restore commercial relations between all parts of our common country; develop and harmonize that mutuality of interest which naturally exists between the different sections of our extended domain, growing out of varieties of climate and productions, which by unwise legislation has been made to appear adverse and conflicting; it would interest each citizen pecuniarily in the preservation and perpetuity of the Government. Dispensing its blessings impartially to all, it would make us a homogeneous family of States—one in interest, one in sympathy, and one in purpose. United by these strong ties, our Union would stand proof alike against the machinations of enemies within and the assault of foes from without.

Pass the bill, adopt this system, separate the races, colonize the African, elect General Grant President in 1868, then peace, prosperity, and happiness, will reign over our glorious country.